

# SENATE BILL 513

Q7

11r2166

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By: **Senator Middleton**

Introduced and read first time: February 4, 2011

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax – Payment Deferral for Qualified Agricultural**  
3 **Property – Waiver of Payment Requirement**

4 FOR the purpose of authorizing the Comptroller to grant an extension to a certain  
5 deferred tax payment period if a qualified recipient has a pending application to  
6 place certain land under a permanent land conservation easement with the  
7 Maryland Agricultural Land Preservation Foundation or the Rural Legacy  
8 Board; requiring the Comptroller to adopt certain regulations; providing for the  
9 application of this Act; and generally relating to estate taxes on agricultural  
10 property.

11 BY repealing and reenacting, with amendments,  
12 Article – Tax – General  
13 Section 7–307(e)  
14 Annotated Code of Maryland  
15 (2010 Replacement Volume)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Tax – General**

19 7–307.

20 (e) (1) (i) In this subsection the following words have the meanings  
21 indicated.

22 (ii) “Farming purposes” has the meaning stated in § 2032A(e)(5)  
23 of the Internal Revenue Code.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) “Qualified agricultural property” means real or personal  
2 property that is used primarily for farming purposes.

3 (iv) “Qualified recipient” means an individual who enters into an  
4 agreement to use qualified agricultural property for farming purposes after the  
5 decedent’s death.

6 (2) Subject to the provisions of this subsection, on application of the  
7 person responsible for paying the Maryland estate tax, the Comptroller shall allow a  
8 payment deferral for up to 3 years from the due date specified in § 7–306 of this  
9 subtitle for the Maryland estate tax imposed on qualified agricultural property that  
10 passes from the decedent to or for the use of a qualified recipient.

11 (3) (i) Subject to subparagraph (ii) of this paragraph, the amount  
12 of tax eligible for a payment deferral as provided under this subsection is the amount  
13 determined by multiplying the Maryland estate tax by a fraction:

14 1. the numerator of which is the value of qualified  
15 agricultural property that passes from the decedent to or for the use of a qualified  
16 recipient; and

17 2. the denominator of which is the value of the gross  
18 estate of the decedent.

19 (ii) The amount of tax deferred under this section may not  
20 exceed \$375,000 as to any decedent.

21 (4) Notwithstanding a payment deferral under this subsection, the  
22 Maryland estate tax on qualified agricultural property that passes from the decedent  
23 to or for the use of a qualified recipient deferred under this section shall become due  
24 immediately if the qualified recipient ceases to use the qualified agricultural property  
25 for farming purposes before the tax is paid.

26 (5) Notwithstanding § 13–601(d) of this article, interest does not begin  
27 on unpaid Maryland estate tax that is allowed a payment deferral under this  
28 subsection until the tax is due under this subsection.

29 (6) If a payment deferral is allowed under this subsection, a qualified  
30 recipient shall pay the deferred Maryland estate tax, without interest, in accordance  
31 with a payment schedule prescribed by the Comptroller over a 3–year period  
32 beginning in the 4th year after the due date.

33 (7) To be eligible for a payment deferral under this subsection, a  
34 qualified recipient shall:

35 (i) file an application for the payment deferral and enter into  
36 an agreement in a form specified by the Comptroller to use the qualified agricultural  
37 property for farming purposes after the decedent’s death; and

1                   (ii) file periodic reports or allow periodic inspections as required  
2 by the Comptroller to administer the provisions of this subsection.

3                   **(8) THE COMPTROLLER MAY GRANT AN EXTENSION OF THE**  
4 **DEFERRED PAYMENT PERIOD ALLOWED UNDER PARAGRAPH (6) OF THIS**  
5 **SUBSECTION IF THE QUALIFIED RECIPIENT HAS A PENDING APPLICATION TO**  
6 **PUT THE LAND ON WHICH THE DEFERRED ESTATE TAX IS DUE UNDER A**  
7 **PERMANENT LAND CONSERVATION EASEMENT WITH:**

8                   **(I) THE MARYLAND AGRICULTURAL LAND PRESERVATION**  
9 **FOUNDATION;**

10                   **(II) THE RURAL LEGACY BOARD; OR**

11                   **(III) AN EASEMENT PURCHASE PROGRAM THAT IS SIMILAR**  
12 **TO THE PROGRAMS LISTED UNDER ITEMS (I) AND (II) OF THIS PARAGRAPH.**

13                   **(9) THE COMPTROLLER SHALL ADOPT REGULATIONS TO**  
14 **IMPLEMENT THIS SUBSECTION.**

15                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2011, and shall be applicable to decedents dying after December 31, 2010.